

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EEP-02-38 (RPU-04-1)
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ORDER DENYING MOTION TO CONSOLIDATE

(Issued June 18, 2004)

On May 6, 2004, the Large Energy Group (LEG) filed with the Utilities Board (Board) a motion to consolidate Interstate Power and Light Company's (IPL) application to modify its interruptible rate structure in Docket No. EEP-02-38 with IPL's application for a general increase in electric rates, identified as Docket No. RPU-04-1. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) and the Iowa Consumers Coalition (ICC) each filed a response to the motion to consolidate on May 19, 2004. IPL filed a response on May 20, 2004.

The LEG is a group of large industrial customers of IPL that intervened in Docket No. EEP-02-38. The members of the LEG are also members of the Community Coalition for Rate Fairness, a group that has intervened in IPL's pending electric rate case, Docket No. RPU-04-1. In support of its petition to intervene, the LEG states that the interruptible credit issues being considered in Docket No. EEP-02-38 are intertwined with issues to be litigated in the rate case.

In its response, Consumer Advocate said that the link between IPL's interruptible rate program and IPL's base rates was severed following IPL's last rate case. Consumer Advocate cited the Board's docketing order in IPL's current rate case, Docket No. RPU-04-1, which noted the severing of the link. Interstate Power and Light Company, "Order Docketing Tariffs, Establishing Comment Hearings, Requiring Additional Information, Granting Waiver, and Granting Interventions," Docket No. RPU-04-1 (4/13/04), p. 2. Consumer Advocate argued there was no longer any legal or factual need to consolidate the proceedings and that consolidation could only be supported on the grounds that it promoted administrative efficiency.

The ICC and IPL each opposed the motion to consolidate. The ICC, a group of industrial customers that has intervened in Docket No. RPU-04-1, also noted the Board's decision in IPL's previous rate case to move the interruptible credit issues to the energy efficiency docket. Interstate Power and Light Company, "Final Decision and Order," Docket Nos. RPU-02-3, RPU-02-8, and ARU-02-1 (4/15/03), pp. 74-75, rehearing denied, (6/4/03), p. 8. The ICC argued that any administrative efficiency in consolidation would be outweighed by the addition of complicated, contentious issues to an already complex rate case.

IPL, in its objection to consolidation, said that the ultimate purpose of the rate case filing, Docket No. RPU-04-1, is to establish a just and reasonable revenue requirement for IPL's Iowa operations. IPL noted that no issue in Docket No.

EEP-02-38 will impact IPL's revenue requirement and that the policy issues before the Board regarding interruptible credits are separate from issues involved with setting a revenue requirement or allocating those rates between pricing zones. Because of IPL's proposal to remove any connection between demand charges and the level of interruptible credits, the interruptible credit issue has been completely separated from the final rate case outcome and there is no compelling reason to consolidate the dockets based on rate design considerations.

The Board is concerned that consolidation of these dockets would delay a decision regarding interruptible credits until January 2005 or later. The Board believes this may be too late for interruptible customers to adequately plan for the summer of 2005 if there are significant changes in the interruptible rate program. In addition, issues that are the focus of interruptible proceedings, such as avoided cost issues, are not present in the rate case docket and would needlessly complicate the rate case.

In IPL's last rate case, the Board consolidated review of IPL's class cost-of-service study, rate design, and rate consolidation with IPL's revenue requirement filing because it concluded just and reasonable rates could not be set absent consolidation and consideration of all the issues in one proceeding. In Docket No. RPU-04-1, IPL's pending electric case, the Board is confident that it can set just and reasonable rates without consolidation of the interruptible credit issues. Any administrative efficiency that might be gained is outweighed by the delay in deciding

the interruptible credits issues and overlaying additional complicated and contentious issues on a rate case that has, among its issues, the rate disparity among IPL's pricing zones. The Board will deny the motion to consolidate.

IT IS THEREFORE ORDERED:

The motion to consolidate filed by the Large Energy Group on May 6, 2004, is denied.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 18th day of June, 2004.